

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the matter of the failure of Apollo Energies,) Docket No. 21-CONS-3269-CPEN
Inc. (Operator) to comply with K.A.R. 82-3-407)
at the Wallace G P #1 and WH Horton #A 1 in) CONSERVATION DIVISION
Harper and Kingman County, Kansas.)
_____) License No. 30481

PRE-FILED TESTIMONY

OF

JEFF KLOCK

ON BEHALF OF COMMISSION STAFF

AUGUST 2, 2021

1 **Q. What is your name and business address?**

2 A. Jeff Klock, 3450 N. Rock Road, Suite 601, Wichita, Kansas 67226.

3 **Q. By whom are you employed and in what capacity?**

4 A. I am employed by the Kansas Corporation Commission (KCC), Conservation Division, as
5 the Professional Geologist Supervisor of District #2, which covers most of central Kansas.

6 **Q. Would you please briefly describe your background and work experience?**

7 A. I received my Bachelor of Science degree in Geology from Wichita State University in 1990.
8 From 1988 to 1990, I worked for F. G. Holl Company as a Geological Technician, and from
9 1991 to 1995, I worked for them as a Staff Petroleum Geologist. In April 1995, I began
10 working for the KCC as an Environmental Geologist II in the Production Department. In that
11 position, I reviewed and approved Notices of Intent-to-Drill, Cathodic Protection Borehole
12 Intents-to-Drill, New Pool Applications, Commingling Applications, and Enhanced Recovery
13 Project Certifications. In August 1999, I became a professionally licensed geologist in the
14 State of Kansas.

15 In October 2001, I started working for the District #2 field office as an Environmental
16 Geologist II. My responsibilities in that position included assisting in the planning and
17 coordination of district field investigations, spill control and clean-up activities, and
18 overseeing contamination sites. I became District #2 Supervisor on August 27, 2007.

19 **Q. Have you previously testified before this Commission?**

20 A. Yes.

1 **Q. What is the purpose of your testimony in this matter?**

2 A. The purpose of my testimony is to discuss the evidence supporting the Commission's findings
3 relating to the Penalty Order issued by the Commission against Apollo Energies, Inc.
4 (Operator) in this docket - Docket 21-CONS-3269-CPEN (Docket 21-3269).

5 **Q. Please provide a brief overview of the facts in this docket.**

6 A. Operator was penalized for two violations of K.A.R. 82-3-407 at the Wallace G P #1, API
7 #15-095-20411 and WH Horton #A 1, API #15-077-19016 wells (Subject Wells), because the
8 Subject Wells failed mechanical integrity tests (MIT) on November 12, 2020, and September
9 30, 2020, respectively, and the Operator failed to perform a current and successful MIT on
10 the Subject Wells by the deadlines in two separate Notice of Violation (NOV) letters from
11 Commission Staff.

12 **Q. What actions did Commission Staff take after the unsatisfactory MIT tests?**

13 A. On September 30, 2020, Commission Staff sent a letter to Operator for the WH Horton #A 1
14 well. The letter provided Operator until December 29, 2020, to repair and retest the well, plug
15 the well, or isolate all leaks to demonstrate the well does not pose a threat to fresh or usable
16 water or correlative rights. On November 24, 2020, Commission Staff sent a letter to Operator
17 for the Wallace G P #1 well. The letter provided Operator until February 10, 2021, to repair
18 and retest the well, plug the well, or isolate all leaks to demonstrate the well does not pose a
19 threat to fresh or usable water or correlative rights. Operator failed to meet these deadlines.
20 Additionally, on February 25, 2021, Commission Staff sent letters to Operator requiring a
21 MIT on the Subject Wells by March 11, 2021. Operator failed to meet that deadline as well. I
22 have attached the September 30 and November 24 denial letters as **Klock Exhibit 1**. The

1 February 25 MIT deadline letters were attached as Exhibit A to the Docket 21-3269 Penalty
2 Order.

3 **Q. Did Apollo Energies, Inc. receive any other types of letters regarding either of these**
4 **wells?**

5 A. Yes, on December 29, 2020, Operator filed a plugging application for the WH Horton #A 1.
6 Staff sent Operator a letter acknowledging that the Well Plugging Application had been
7 received. I have attached Staff's letter to my testimony as **Klock Exhibit 2**. The plugging
8 application was filed on the due date to have the WH Horton #A 1 in compliance. Staff's letter
9 notes that the mere filing of a plugging application is not sufficient to override any compliance
10 deadline given to the operator by Legal, District, or other Commission Staff.

11 **Q. Would you please explain the requirements of K.A.R. 82-3-407?**

12 A. Yes. K.A.R. 82-3-407 lists the mechanical integrity requirements for injection wells.
13 Subsection (a) of the regulation states that each injection well shall be completed, equipped,
14 operated, and maintained in a manner that will prevent pollution of fresh and usable water,
15 prevent damage to sources of oil or gas, and confine fluids to the intervals approved for
16 injection. An injection well shall be considered to have mechanical integrity if there are no
17 significant leaks in the tubing, casing, or packer, and no fluid movement into fresh or usable
18 water. Subsection (a)(1) requires the annulus above the packer, or the injection casing in wells
19 not equipped with a packer to be pressure tested at least once every five years under the
20 supervision of a representative of the operator.

21 **Q. What if a well fails a MIT?**

22 A. Under K.A.R. 82-3-407, the operator of any well failing to demonstrate mechanical integrity
23 shall have no more than 90 days from the date of initial failure in which to repair and retest

1 the well to demonstrate mechanical integrity, plug the well, or isolate the leak or leaks to
2 demonstrate that the well will not pose a threat to fresh or usable water resources or endanger
3 correlative rights.

4 **Q. Besides sending the Operator a 90 Day Plug or Repair letter, and final NOV letters, did**
5 **you have any other correspondence with the operator?**

6 A. Yes, On January 8, 2021, Mr. Jim Byers with Apollo Energies contacted me regarding the
7 failure of the WH Horton #A 1. We discussed various problems encountered with the well,
8 and Mr. Byers stated that they squeezed casing leaks in the well with cement, but upon drilling
9 the cement back out they inadvertently drilled a hole in the casing. We discussed using a
10 polymer product for repair purposes, and I indicated to Mr. Byers that an Annular Additive
11 Design Request would have to be completed and submitted to me for approval. I also pointed
12 out to Mr. Byers that the WH Horton #A 1 was now past the 90 day plug or repair deadline.
13 After our conversation I emailed the staff at Apollo Energies the Annular Additive Design
14 Request form for completion.

15 **Q. Did Mr. Byers submit an Annular Additive Design Request Form for the WH Horton**
16 **#A 1?**

17 A. No.

18 **Q. Did you have any other direct correspondence with Mr. Byers?**

19 A. Yes, on February 9, 2021, one month after our initial phone conversation and the day before
20 the compliance deadline for the Wallace G P #1, Mr. Byers left a voice message stating he
21 wanted to discuss using a polymer product on both the WH Horton #A 1 and the Wallace
22 G P #1. I contacted Mr. Byers on February 10, 2021, and he stated that they were going to
23 pull the Wallace G P #1 and check the casing for holes, and if it appeared they could use a

1 polymer product they would fill out the Annular Additive Design Request form. At that point,
2 Apollo Energies had made no attempt to bring the Wallace G P #1 into compliance prior to
3 their deadline.

4 **Q. Did Mr. Byers submit an Annular Additive Design Request Form for the Wallace**
5 **G P #1?**

6 A. No.

7 **Q. Has Operator brought either of the wells into compliance with K.A.R. 82-3-407?**

8 A. On June 23, 2021, Operator conducted a successful MIT at the Wallace G P #1 well. This
9 MIT was performed 223 days after the initial failure of the well on November 12, 2020. The
10 operator repaired the well by running a liner in the well and cementing it in place. At the time
11 of my pre-filed testimony, August 2, 2021, Operator has still failed to bring the W H Horton
12 #A 1 well into compliance with the Commission's rules and regulations. The date of failure
13 at the W H Horton #A 1 well was approximately 306 days ago.

14 **Q. Please summarize your recommendations.**

15 A. I recommend the penalty assessed against Operator by the Commission be affirmed. Operator
16 failed to conduct successful MITs at the Subject Wells by the deadlines listed in Staff's NOV
17 letters. Taking over seven months to get the Wallace G P #1 into compliance, and not having
18 the W H Horton #A 1 in compliance is not acceptable from an environmental standpoint.

19 **Q. Does this conclude your testimony?**

20 A. Yes.

FAILED MECHANICAL INTEGRITY TEST (MIT)
DEADLINE FOR COMPLIANCE

09/30/2020

LICENSE 30481
Apollo Energies, Inc.
10378 N 281 HWY
PRATT, KS 67124-7920

Re: API No. 15-077-19016-00-02
Permit No. D30759.0
W H HORTON A 1
12-32S-5W
Harper County, KS

Operator:

On 09/30/2020, the referenced well failed a mechanical integrity test. Under K.A.R. 82-3-407(c), you have 90 days to:

- 1) repair and retest the well to show mechanical integrity,
- 2) plug the well, or
- 3) isolate all leaks to demonstrate the well does not pose a threat to fresh or usable water or endanger correlative rights.

The well must be shut-in and disconnected until it complies with K.A.R. 82-3-407(c).

Failure to comply with K.A.R. 82-3-407(c)
by 12/29/2020
shall be punishable by a \$1,000 penalty.

Please contact this office as soon as possible to let us know your plans for this well.

Sincerely,

Steve VanGieson
KCC District #2

FAILED MECHANICAL INTEGRITY TEST (MIT)
DEADLINE FOR COMPLIANCE

11/24/2020

LICENSE 30481
Apollo Energies, Inc.
10378 N 281 HWY
PRATT, KS 67124-7920

Re: API No. 15-095-20411-00-01
Permit No. E18070.1
WALLACE G P 1
27-29S-8W
Kingman County, KS

Operator:

On 11/12/2020, the referenced well failed a mechanical integrity test. Under K.A.R. 82-3-407(c), you have 90 days to:

- 1) repair and retest the well to show mechanical integrity,
- 2) plug the well, or
- 3) isolate all leaks to demonstrate the well does not pose a threat to fresh or usable water or endanger correlative rights.

The well must be shut-in and disconnected until it complies with K.A.R. 82-3-407(c).

Failure to comply with K.A.R. 82-3-407(c)
by 02/10/2021
shall be punishable by a \$1,000 penalty.

Please contact this office as soon as possible to let us know your plans for this well.

Sincerely,

Steve VanGieson
KCC District #2

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form CP-1

March 2010

This Form must be Typed

Form must be Signed

All blanks must be Filled

WELL PLUGGING APPLICATION

Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act,
MUST be submitted with this form.

OPERATOR: License #: 30481
 Name: Apollo Energies, Inc.
 Address 1: 10378 N. US HWY 281
 Address 2: _____
 City: PRATT State: KS Zip: 67124 + 7920
 Contact Person: Josh Rennaker
 Phone: (620) 6729001

API No. 15 - 15-077-19016-00-02
 If pre 1967, supply original completion date: _____
 Spot Description: _____
NE SW NWNW Sec. 12 Twp. 32 S. R. 5 ☐ East ☒ West
4604 Feet from ☐ North / ☒ South Line of Section
4780 Feet from ☒ East / ☐ West Line of Section
 Footages Calculated from Nearest Outside Section Corner:
☐ NE ☐ NW ☒ SE ☐ SW
 County: Harper
 Lease Name: W H HORTON Well #: A 1

Check One: ☐ Oil Well ☐ Gas Well ☐ OG ☐ D&A ☐ Cathodic ☐ Water Supply Well ☐ Other: _____
☒ SWD Permit #: D30759.0 ☐ ENHR Permit #: _____ ☐ Gas Storage Permit #: _____

Conductor Casing Size: _____ Set at: _____ Cemented with: _____ Sacks
 Surface Casing Size: 8.625 Set at: 238 Cemented with: 175 Sacks
 Production Casing Size: 4.5 Set at: 4711 Cemented with: 125 Sacks

List (ALL) Perforations and Bridge Plug Sets:

Attached

Elevation: 1260 (☒ G.L. / ☐ K.B.) T.D.: 4712 PBTD: _____ Anhydrite Depth: _____
 (Stone Corral Formation)

Condition of Well: ☐ Good ☐ Poor ☐ Junk in Hole ☒ Casing Leak at: 3500-3600
 (Interval)

Proposed Method of Plugging (attach a separate page if additional space is needed):

As directed by District 2 office of the KCC.

Is Well Log attached to this application? ☐ Yes ☐ No Is ACO-1 filed? ☐ Yes ☒ No

If ACO-1 not filed, explain why:

Not found in company files or on the Walter's Digital Library.

Plugging of this Well will be done in accordance with K.S.A. 55-101 et. seq. and the Rules and Regulations of the State Corporation Commission

Company Representative authorized to supervise plugging operations: Jim ByersAddress: 10378 N. US HWY 281 City: Pratt State: Kansas Zip: 67124 + _____Phone: (620) 672-9001Plugging Contractor License #: 30346 Name: Shawnee Well Service, Inc.Address 1: PO BOX 333 Address 2: _____City: ATTICA State: KS Zip: 67009 + 0333Phone: (620) 254-7893

Proposed Date of Plugging (if known): _____

Payment of the Plugging Fee (K.A.R. 82-3-118) will be guaranteed by Operator or Agent

Submitted Electronically

Klock Exhibit 2

Page 1 of 4

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION

Form KSONA-1
January 2014
Form Must Be Typed
Form must be Signed
All blanks must be Filled

**CERTIFICATION OF COMPLIANCE WITH THE
KANSAS SURFACE OWNER NOTIFICATION ACT**

This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.

Select the corresponding form being filed: ☐ C-1 (Intent) ☐ CB-1 (Cathodic Protection Borehole Intent) ☐ T-1 (Transfer) ☒ CP-1 (Plugging Application)

OPERATOR: License # 30481
Name: Apollo Energies, Inc.
Address 1: 10378 N. US HWY 281
Address 2: _____
City: PRATT State: KS Zip: 67124 + 7920
Contact Person: Jim Byers
Phone: (620) 6729001 Fax: (620) 672-1224
Email Address: josh@apooenergies.com

Well Location:
NE SW NW NW Sec. 12 Twp. 32 S. R. 5 ☐ East ☒ West
County: Harper
Lease Name: W H HORTON Well #: A 1

If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:

Surface Owner Information:

Name: James & Kelsey Drouhard
Address 1: 1256 NE 80 Ave
Address 2: _____
City: Danville State: Kansas Zip: 67036 + _____

When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.

If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.

Select one of the following:

- ☒ I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- ☐ I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I must provide the name and address of the surface owner by filling out the top section of this form and that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.

I Submitted Electronically

Form	CP1 - Well Plugging Application
Operator	Apollo Energies, Inc.
Well Name	W H HORTON A 1
Doc ID	1540255

Perforations And Bridge Plug Sets

Perforation Top	Perforation Base	Formation	Bridge Plug Depth
4395	4414	Mississippi	

Susan K. Duffy, Chair
Dwight D. Keen, Commissioner
Andrew J. French, Commissioner

Laura Kelly, Governor

December 29, 2020

Josh Rennaker
Apollo Energies, Inc.
10378 N. US HWY 281
PRATT, KS 67124-7920

Re: Plugging Application
API 15-077-19016-00-02
W H HORTON A 1
NW/4 Sec.12-32S-05W
Harper County, Kansas

Dear Josh Rennaker:

The Conservation Division has received your Well Plugging Application (CP-1).

Under K.A.R. 82-3-113(b)(2), you must notify DISTRICT 2 of your proposed plugging plan at least 5 days before plugging the well. DISTRICT 2's phone number is (316) 337-7400. Failure to notify DISTRICT 2, or failure to file a Well Plugging Record (CP-4) after the well is plugged will result in a penalty recommendation.

Under K.A.R. 82-3-600, you must file an Application for Surface Pit (CDP-1) if you wish to use a workover pit while plugging the well. Failure to timely file a CDP-1, failure to timely remove fluids, or failure to timely file Closure of Surface Pit (CDP-4) or Waste Transfer (CDP-5) forms will result in a penalty recommendation.

This receipt does NOT constitute authorization to plug this well if you do not otherwise have the legal right to do so.

This receipt is VOID after June 27, 2021. If the well is not plugged by then, you will have to submit a new CP-1 if you wish to plug the well.

The June 27, 2021 deadline does NOT override any compliance deadline given to you by Legal, District, or other Commission Staff. Failure to comply with any given deadline will still result in the Commission assessing penalties, or taking other legal action.

Sincerely,
Production Department Supervisor

cc: DISTRICT 2

CERTIFICATE OF SERVICE

21-CONS-3269-CPEN

I, the undersigned, certify that a true and correct copy of the attached Prefiled Testimony of Jeff Klock has been served to the following by means of electronic service on August 2, 2021.

ROBERT R. EISENHAUER
JOHNSTON & EISENHAUER
113 E THIRD
PO BOX 825
PRATT, KS 67124
johnston.eisenhauer@gmail.com

DANIEL FOX, COMPLIANCE OFFICER, KCC DISTRICT 2
KANSAS CORPORATION COMMISSION
DISTRICT OFFICE NO. 2
3450 N. ROCK RD BLDG 600 STE 601
WICHITA, KS 67226
d.fox@kcc.ks.gov

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/S/ Paula J. Murray

Paula J. Murray